Would the WTO World Cotton Day solve the SSA farmers plight?

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Summary

Cotton is a crucial trade issue for developing countries (DCs), particularly the C4 of West African countries – Benin, Burkina Faso, Mali and Chad – who complained about it at the WTO Ministerial Conference in Cancun in 2003 and, although the WTO decided to "*address cotton ambitiously, expeditiously and specifically*", no progress has been made. The high subsidies of the United States (US) and the EU, combined with those paid by the US to Brazil, have pushed down the world price of cotton, to the detriment of producers in DCs, particularly the C4, who cannot subsidize their producers.

The WTO negotiations are at an impasse because the US and the EU refuse to admit that their domestic subsidies, including alleged decoupled subsidies, have the same dumping effect as their explicit export subsidies that they have removed, although the WTO Appellate Body has ruled four times in this direction, including in March 2005 in the US cotton case.

From 2000 to 2018 the US exported 53 million tonnes (Mt) of cotton that received $35.3 billion in subsidies, an average subsidy of $657/t and an average dumping rate of 41%. During the same period, the EU – only Greece and Spain – exported 4.5 Mt with an average subsidy of $2,789/t, 1.83 times the FOB export price. Although the EU produced ten times less cotton than the US and exported 12 times less, its export subsidies were only 2.8 times lower ($12.5 billion against $34.8 billion) due to an average subsidy per tonne 4.2 times higher.

However, the EU claims to be a model in the cotton world because its imports from all countries are duty-free and it has never used explicit export subsidies. But the EU has exported more cotton than Burkina Faso or Mali since 2000, except since 2017, and has been a net exporter since 2009, even exceeding production in 2009 and 2012.

Denouncing the huge European dumping on cotton does not mean forgetting that Greek and Spanish producers are small farmers (unlike those in the US) to whom cotton provides many jobs and good incomes, but it is also an excellent example of the absurdity of an agricultural policy based on dumping hidden in so-called decoupled subsidies. Given the considerable negative impact of cotton cultivation on the environment noted by the European Commission, the EU must plan for the rapid conversion of cotton to other crops without penalizing its impact on producers' employment and income.

Introduction

Cotton is a very crucial trade issue in developing countries (DCs), and particularly in the C4 of West African exporting countries – Burkina Faso, Benin, Mali and Chad – because, despite that the WTO General Council of 1 August 2004 decided "*to address cotton ambitiously, expeditiously and specifically, within the agriculture negotiations in relation to all trade-distorting policies affecting the sector in all three pillars of market access, domestic support and export competition*" the same mantra has been repeated again and again ever since. Worst, Brazil, who was the only DC to sue the US on this issue in 2002 and again in 2006, eventually sold his soul for a mess of pottage, after concluding a first agreement in August 2010 by which it received from the US an annual subsidy of $147 million (M) and again in October 2014 when it received $300 M for balance of all accounts, committing not to sue again the US on cotton whatever the new Farm Bill impact. In short Brazil has joined the US and EU to subsidize its producers, thus suppressing together the world price, to the detriment of all DCs producers, and particularly of the C4 African countries.

The WTO negotiation on cotton is deadlocked because the US and EU refuse to admit that their domestic subsidies benefitting also to exports should be considered as export subsidies, despite that the WTO Appellate Body has ruled four times in that sense, of which in March 2005 in the US cotton case, including when they are "decoupled".

The US has granted $48.7 billion (bn) in cotton subsidies from 2000 to 2018 to a production of 73.1 million tonnes (Mt), paid at an average farm price of 1,357 $/t, of which $35.3 bn subsidies to 53 Mt of cotton lint exports (not taking into account cotton oil and meals), at an average FOB price of 1,619 $/t but with an average subsidy of 657 $/t and an average dumping rate of 41.1% (ratio of export subsidies to the export value), however decreasing from 88% in 2000 to 16.8% in 2018.

But we should be aware that cotton subsidies will increase sharply from 2019 on as Congress has decided to grant subsidies to cotton seed apart from those to cotton lint, cotton seed being recognized as an oilseed with the same access to subsidies of so-called "program crops".

During the same period the EU – in fact only Greece and Spain – has granted €16.3 bn ($20 bn) of cotton subsidies to a production of 7.2 Mt, about ten times (9.8 times) lower than the US one, paid at an average farm price of 1,274 €/t but with an average subsidy of 2,272 €/t (2,789 $/t), 1.78 times the farm price. It has exported 4.5 Mt (11.8 times less than the US) at an average FOB price of 1,244 €/t, owing to €10.2 bn ($12.5 bn) subsidies with an average subsidy 1.83 times the FOB price. In other words, although the EU has produced ten times less cotton than the US and exported 11.8 times less in quantity, its export subsidies have been only 2.8 times lower owing to an average export subsidy per tonne 4.2 times higher.

Nevertheless the EU claims to be the good guy in the cotton world as its cotton imports are duty free from the whole world and as it has never used explicit export subsidies. But the EU has become a net exporter since 2009, with exports exceeding even production in 2009 and 2012. Furthermore the EU exports have exceeded those of Burkina Faso or Mali since 2000, with the exception of 2017 and 2018.

Denouncing the huge EU cotton dumping does not imply to forget that the bulk of Greek and Spanish producers are small farmers (contrary to the US) to whom cotton bring many employments and good income but it is also an excellent example of the absurdity of an agricultural policy based on a dumping hidden in alleged decoupled subsidies.

Before turning to the specific issue of the US and EU subsidies and the plight of C4 farmers, let us make rapid comments on the study made by ICAC (International Cotton Advisory Committee) in November 2018 on "*Production and trade subsidies affecting the cotton industry*"[1]. As our paper is focusing on the US an EU subsidies, let us comment on the attack made on the Chinese subsidies. This criticism has no basis, first, because China exports practically no cotton (21,780 t in 2017/18 after 13,286 t in 2016/17) while it is by far the world's largest importer (1.155 Mt in 2017 after 0.897 Mt in 2016 and 1.525 Mt expected in 2018/19.

Secondly because, by calculating the subsidy equivalent of import protection ICAC confuses the concepts of agricultural "price support" financed by domestic consumers with that of taxpayer-financed "subsidies" and thus challenges the right of each country, including China, to food sovereignty as long as it does not harm the rest of the world through dumping. Thus the ICAC states that "*the sum of subsidies from the Chinese government is estimated at 4.3 billion dollars in 2017/18*", including 2.4 bn in direct aid, 300 million in seed and transport aid and 1.5 bn in import protection subsidy equivalent. Compared to the 25 million Chinese cotton growers, the $2.8 bn aid excluding the $1.5 bn of import protection subsidy equivalent corresponds to $112 per cotton grower. This compares to an average of $59,844 for the 18,600 cotton farmers in the US in 2018, or 534 times more, and an average of $10,162 for the 90,000 cotton farmers in the EU, or 91 times more than in China.

We will present in turn the common flaws in the US and EU methodologies on subsidies and the green box, the US and EU subsidies to cotton, and end with the plight of sub-Saharan (SSA) producers, especially those of C4, to face their challenging future.

I – The common flaws in the US and EU methodologies on subsidies and the green box

One of the flaws of the WTO dumping investigations is that they take only into account the current level of subsidies or at best those of the most recent years (2 to 3 years). Yet the continuous dumping over many years has a cumulative impact, destroying the competitiveness of the most fragile countries, and here we focus mainly on the C4 countries of West Africa. Therefore we will assess the US and EU dumping on a long period, from 2000 to 2018.

The second flaw is that the US and EU did not take into account their subsidies notified in the WTO green box (GB) and their decoupled direct payments and even those notified in the blue box (BB). The GB constitutes the main shield of the EU and US since questioning it would make the CAP and Farm Bill collapse. It is owing to the GB, and secondarily to the BB, that the EU and US have been able to propose to cut by 70% and 60% their coupled domestic supports but also to reduce largely their tariffs and eliminate their export subsidies. Putting in the GB an increasing share of their subsidies has allowed them to lower progressively their domestic agricultural prices to their world levels and thus to export without any need of export subsidies. At the same time they have been able to propose high cuts in their tariffs since, once the domestic prices aligned on world prices, agri-food industries and traders no longer need to import as they can buy agricultural products at world prices on the domestic market. Let us underline however that we do not include in our challenge of the GB the subsidies to domestic food aid, which has accounted for about 80% of all US GB notifications.

We consider that all types of subsidies are fully legitimate as long as they are not serving the offensive interests of countries, through a hidden dumping legalised by the WTO. The present

[1] https://www.eiseverywhere.com/file_uploads/0d29a4b2281774f8113dc8ea4cbd4642_e_cotton-subsidies_2018.pdf

distinction between subsidies according to their more or less coupled, more or less trade-distorting, nature, thus according to the colour of the boxes in which they are put, is not justified. The only distinction to make is between subsidies benefiting to exported products or not, directly or indirectly, taking into account upstream (to inputs and investments) and downstream subsidies (at the transformation and marketing levels). Therefore the Agreement on Agriculture (AoA) should be rebuilt on food sovereignty, the right of every country to protect its defensive interests through an efficient import protection, but forbidding any export made at a price lower than the average national full production cost, taking into account all direct and indirect subsidies.

The Appellate Body (AB) itself has departed four times from the GATT definition of dumping, stating that dumping occurs when products are exported at a price lower than the average total national production cost without subsidies (Dairy products of Canada case of December 2001[2] and December 2002[3], US Cotton case of 3 March 2005[4] and EU Sugar case of 28 April 2005[5]), which is to be considered their "normal value".

Indeed GATT Article 6 states that there is no dumping if a product is exported at its "normal value", i.e. at its domestic price when, according to Article 2 of the Regulation (EU) 2016/1036 of 8 June 2016 on protection against dumped imports from countries not members of the EU, "*Decisions of the firm regarding prices, costs and inputs are made in response to market signals reflecting supply and demand, and without significant state interference, and costs of major inputs… reflect market values*"[6]. In the US antidumping manual, "*For the merchandise under investigation or review, there must be virtually no government involvement in setting prices*"[7], and in the 2009 edition, according to David A. Gantz: "*Commerce requires for purposes of the affected sector a showing that there is no government involvement in determining prices or production quantities; there is private or collective (rather than full government) ownership; and that all significant inputs are subject to market-determined prices*"[8]. Yet it is undeniable that the EU and US agricultural prices have nothing to do with "*market prices without significant interference from the State*" as the successive reforms of the CAP and Farm Bills from the early 1990s have sharply reduced their (guaranteed ou administered) prices (intervention prices in the EU and loan rates in the US) by offsetting them with direct aids, first coupled (including export subsidies) and then mostly decoupled domestic subsidies up to now in the EU.

It is necessary to challenge the definition of dumping in the GATT that, as long as the products are exported at the domestic price, there is no dumping. This scandalous definition that was at the origin of the reforms of the CAP and the US Farm Bill from the early 1990s: sharply reducing domestic agricultural prices and offsetting the reduction by direct aids would allow to export more and import less, to the detriment of developing countries (DCs) that do not have the financial means to significantly subsidize their large numbers of farmers.

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[2] https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds103/ab/rw*%20not%20rw2*)&Language=FRENCH&Context=FomerScriptedSearch&languageUIChanged=true#

[3] https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(@Symbol=%20wt/ds103/ab/rw2*)&Language=FRENCH&Context=FomerScriptedSearch&languageUIChanged=true#

[4] https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds267_e.htm

[5] https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds265_e.htm

[6] According to the Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2016:176:FULL&from=EN

[7] US Department of Commerce, *Normal value*, AD Manual, chapter 8.

[8] http://ia.ita.doc.gov/admanual/2009/Chapter%2010%20NME.doc;
http://works.bepress.com/cgi/viewcontent.cgi?article=1000&context=david_gantz

The two basic requirements of the AoA Annex 2 Paragraph 1 are questionable

The AoA Annex 2 Article 1 states: "*Domestic support policies for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade distortion effects or effects on production. Accordingly, all policies for which exemption is claimed shall conform to the following basic criteria:*
(i) the support in question shall be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers; and,
(ii) the support in question shall not have the effect of providing price support to producers".

Yet, US and EU direct payments imply transfers from consumers: from a macro-economic point of view the distinction between market price support – financed by consumers – and subsidy – financed by taxpayers – is not convincing since most taxes end up being paid by consumers. Even if this is more indirect in the US than in the EU given the weight of the VAT (value added tax) in the EU as there is no VAT in the US but excise duties and turnover taxes. However, like elsewhere, private companies are transferring their taxes to consumers through prices. As attested by a specialist: "*In the long run, however, when all costs are taken into account, resources would shift and prices would adjust to take the tax into account in determining price, and as such the producer would be able to shift at least a portion of the burden forward onto consumers*"[9].

The GB brings also a clear price support to producers since they can make do with prices lower than their average production cost.

Since these two conditions of paragraph 1 apply to all specific green subsidies in paragraph 2 to 13, they cannot be put in the GB.

The G-20 communication of 2 June 2005 proposed to distinguish between two types of GB subsidies "*according to their capacity to distort trade or effect production*":
i) The programmes of provision of general services, public stockholding for food security and domestic food aid (Annex 2: Paragraphs 2-4) have been generally found to be non- or minimally trade-distorting and have enabled Members to pursue rural development and other objectives. Such policies can be assimilated to the provision of public goods.
ii) In contrast, the programmes of direct payments to producers (Annex 2: Paragraphs 5-13), specially the way they are currently designed, have been found to influence trade and production and therefore could not be characterised as having "no, or at most minimal, trade-distorting effects or effects on production".

Let us begin by the public agricultural expenditures reaching farmers collectively and in kind – that OECD classifies in the GSSE (*general services support estimate*) that the G-20 considered non trade-distorting or minimally trade-distorting.

For the G-20 these measures "*have been generally found to be non- or minimally trade-distorting*" and "*can be assimilated to the provision of public goods*". Such assessment is too hasty. These "general services", although delivered in kind and collectively to farmers, have the effect to increase agricultural production and to reduce its costs. Their coupled nature is unquestionable. These subsidies, granted for decades or even centuries, explain to a very large extent the gap in yields and production costs between developed countries and DCs. Under the

[9] http://www.window.state.tx.us/taxinfo/incidence/nature.html

pretext that these subsidies are provided collectively to farmers, one tends to depreciate their efficiency, which mirrors well the individualistic behaviour of our time.
Thus, for Daryll Ray, Head of the University of Tennessee Agricultural Policy Analysis Center, "*WTO has declared that such research and education related expenditures have a minimal effect on trade. Such a declaration is inconsistent with the notion that any public policy that causes changes in production shifts the supply curve. In practice, these activities have a direct impact on price and trade, whether that be a set-aside program or yield enhancing research*"[10].

In another fundamental report of September 2003, Daryll Ray and his colleagues underline that the public financing of research and extension have been the main source of productivity gains and of the competitiveness of the US agriculture: "*US taxpayers bankrolled a system of research stations and extension services to generate and disseminate new technologies. The system has been a tremendous success. It continues to ensure that each new generation of Americans will have access to ample quantities of safe food at reasonable prices. The other side of the coin is that publicly-sponsored research and extension services contribute to price and income problems. Clearly, neither the US nor the rest of the world would be facing today's low prices and failing small farms if the cumulative growth in agricultural productivity had not taken place*"[11]. That is why all countries, even the poorest, have allocated a minimum of financial resources to agricultural research and extension, but it is the tremendous gap between the resources of developed countries and DCs which explain also the huge gap between their productivity levels. IFPRI has underlined in 2005 that "*investments in R&D have the highest impact on agricultural growth per million rupees invested. The rates of return to public investment in research have been as high as over 60 percent, and in extension, over 50 percent. India currently invests only about 0.5 percent of its agricultural GDP in agricultural research, compared with 0.7 percent in the developing countries as a whole and as much as 2–3 percent in the developed countries. These figures suggest that government has been systematically underinvesting in a sector that offers a high social return and that there is considerable scope for diverting incremental outlays to priority areas in research*"[12].

Daryll Ray enlarges his assessment by saying that "*Little attention has been paid to legacy investments in the infrastructure of agricultural areas. These legacy investments… all influence production decisions in one way or another and that influence continues year after year while the influence of direct payments are limited to a given year*"[13]. A statement endorsed by IFPRI in the same article: "*Investment in rural roads has the most potent effect on poverty alleviation, per million rupees invested, followed by investment in R&D*".

Although the subsidies of the AoA Annex 2 paragraph 11 on "*Structural adjustment assistance provided through investment aids*" are the main item notified in the US and EU GB after the US domestic food aid and the EU decoupled direct payments, they should be granted "*in response to objectively demonstrated structural disadvantages*" and "*to the amount required to compensate for the structural disadvantage*". Furthermore the AoA article 6.2 provides that investment subsidies to farmers of developed countries must be notified in the AMS ("aggregate measurement of support" or "amber box" of coupled subsidies). But the EU has notified in the GB all its agricultural investments subsidies (in the CAP second pillar on rural development) without any consideration of farmers' "structural disadvantages".

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[10] Daryll Ray, *Is food too important to be left to WTO?* Agricultural analysis policy center, University of Tennessee, November 29, 2002 (http://www.agpolicy.org).
[11] Daryll Ray, Daniel de la Torre Ugarte, Kelly J. Tiller, *US Agricultural Policy: Changing course to secure farmers livelihoods worldwide*, Agricultural Policy Analysis Center, University of Tennessee, September 2003.
[12] J. von Braun et al., *Indian agriculture and rural development*, IFPRI, 2005.
[13] Daryll Ray, *What is an agricultural subsidy?*, Agricultural Policy Analysis Center, University of Tennessee, 26 mars 2004.

As for the second type of GB subsidies that the G-20 considers as truly trade-distorting, those to various direct payments in paragraphs 5-12 of the AoA Annex 2, let us comfort its views, particularly for the paragraph 6 on "*decoupled income support*", for which the EU does not comply with the six conditions. Indeed there are seven reasons why the past SPS (single payment scheme) and the BPS (basic payment scheme), as well as the SAPS (single area payment scheme for some new Member States) and the other decoupled direct payments since the 2015 CAP reform: redistributive payment, payment to young farmers, payment beneficial to the climate – are in fact coupled:

- The BPS contradicts conditions a) as it is based on the amount of blue box subsidies, which are product-specific (PS), of the 2000-02 years, a criterion not mentioned.
- The BPS coexists with blue box payments for the same products. Indeed, according to the AoA article 6.5, blue box payments are granted "*under production-limiting programmes*" – which, by the way, implies to limit the reduction in prices, in contradiction with Annex 2 paragraph 1 – whilst the BPS (and previously the SPS) allows to produce any product, otherwise it will not enjoy a full production flexibility. Now that the production quotas have been deleted for milk, sugar, and plantation rights of vines, blue box subsidies still concern in 2018 the crop-specific payment for cotton (1/3 of the total cotton subsidies, 2/3 being decoupled), the voluntary coupled support scheme, the small farmers scheme, and the POSEI payments to the EU ultra-marine territories. For André Nassar et al., "*if the green box decoupled subsidy is given to the same producer receiving a coupled subsidy, and the decoupled income support is based on historical planted area, then this subsidy will cause the same distorting effects as the coupled subsidy. There is an over-subsidisation of the commodity being subsidized in the coupled programme and then more distortive subsidies in place*"[14].
- The BPS contradicts condition e) stating that "*No production shall be required in order to receive such payments*". But the EU Council regulation n° 1782/2003 of 29 September 2003 states that farmers getting SPS must "*ensure that all agricultural land, especially land which is no longer used for production purposes, is maintained in good agricultural and environmental condition*". Annex 4 of the regulation specifies that this implies not only "*Avoiding the encroachment of unwanted vegetation on agricultural land*" but also "*Protection of permanent pasture*" and "*Minimum livestock stocking rates*", which is clearly a production attracting PS subsidies.
- The BPS contradicts the condition d) as it remains coupled to agricultural area as farmers must show they have eligible hectares (ha) to get their payments – indeed each SBS right corresponds to one ha.
- A large part of the BPS is granted to feed (EU cereals, oilseeds meals and pulses or COPs), but also to feedstocks for agrofuels (vegetable oil, cereals and sugarbeet), which are both input subsidies in the amber box for developed countries (AoA article 6.2): 12.6 Mt of cereals and 127,000 t of sugar were devoted to bioethanol in 2017-18. Even if biodiesel is not an agricultural product for the WTO, contrary to bioethanol, the AoA Annex IV paragraph 4 on the AMS calculation states that "*Measures directed at agricultural processors shall be included to the extent that such measures benefit the producers of the basic agricultural products*", which is all the more obvious as the agrofuels boom has increased much the prices of vegetable oils and cereals from 2007 to 2014. And 5.1 Mt of rapeseed oil of EU origin was devoted to biodiesel in 2017-18[15].

[14] André Nassar, Maria Elba-Rodriguez-Alcala, Cinthia Costa and Saulo Nogueira, *Agricultutal subsiies in th WTO ggreen box: opportunities and challenges for developing countries*, in Ricardo Ricardo Melendez-Ortiz, Christophe Bellmann, Jonathan Hepburn, Agricultural subsidies in the WTO green box, Cambridge University Press, 2009, pp.329-368.

[15] https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Biofuels%20Annual_The%20Hague_EU-28_7-3-2018.pdf

- Last, but not least, as the BPS cannot be assigned to a particular product, it can be attributed to any product of which it lowers the sale price below its EU average total production cost.
Therefore almost all EU agricultural exports can be sued for dumping, even products which had never received blue direct payments, as long as their producers get also BPS or SAPS payments for other productions, which applies practically to all EU28 farms to-day.

As for the US, the WTO Appellate Body had ruled in March 2005 that the PFCP (production flexibility contract payment), FDP (fixed direct payment) and MLAP (marketing loss assistance payment) were not decoupled as the farmers did not avail of a full flexibility of production, being prevented to grow fruits and vegetables and wild rice), so that they could not be notified in the WTO GB.

Furthermore the GB is hiding the "gold box", a concept I have proposed during the Hong-Kong WTO ministerial of December 2005 which encompasses all types of past and present non-agricultural supports and past agricultural supports, including a high import protection[16]. These present and past non-agricultural supports have reduced largely the unit production cost of agri-food products in rich countries vis-à-vis those in DCs, particularly on the following items:
- efficient transport and information infrastructures, which reduce greatly their corresponding costs. For example, the US spends $647 million a year only to maintain the navigability of the Mississipi river;
- general education and research;
- health and pensions of farmers financed by society at large, at least in the EU;
- wealthy consumers with an ever-increasing purchasing power, able to pay fair prices to farmers, even if these prices are too low;
- democratic States able to enforce commercial contracts, to recover tariffs correctly, etc.

All in all, the present higher competitiveness of Western agri-food products relatively to that of DCs results much less from the difference in the present agricultural supports – the only ones considered by the WTO – than from the present and past non-agricultural supports and past agricultural supports, for decades and even centuries, particularly through a huge import protection.

It is why, even if the WTO would decide stricter criteria for the GB, the developed countries would still be able to increase their gold box subsidies to maintain their farmers' competitiveness. For instance, instead of maintaining specific agricultural institutions to sustain farmers, they would have just to integrate these institutions in broader institutions so that the specific nature of the subsidies would disappear.

Another example is that of the public financing of transport infrastructures which are not specific to agricultural products but which are highly beneficial to them: "*Congress' passage of the Waterways Resources Reform and Development Act recognized the importance of maintaining vital waterways like the Mississippi River… The Mississippi River is a vital artery for grain shippers moving product from the Midwest to the Gulf of Mexico. For many years, the grain industry has been vocal about the need to update some of the river's nearly 100-year-old locks and dams... The world is coming to the breadbasket of America for its food stocks and we need to be ready… Another reason to invest in Mississippi River infrastructure is the expected increase in traffic from the expansion of the Panama Canal. The canal is anticipated to open later this year, and will lead to a 12% decrease in the cost of transporting grain from the U.S. Corn belt to Asia... The upgrades planned for U.S. waterways and railways will help preserve*

[16] https://www.wto.org/english/forums_e/ngo_e/posp56_e.htm;
https://www.wto.org/english/forums_e/ngo_e/posp55_e.htm

one of the United States' most competitive advantages to foreign buyers — affordable transportation costs"[17].

II – The US subsidies to cotton from 2000 to 2018

The following tables 1 and 2 present the data required to assess the US dumping on cotton: level and value of production, detailed domestic subsidies, export volumes and values and subsidy rates. The main sources of data come from the OECD PSE data base for the production volume, value and farm price[18] and by the USDA FSA (Foreign Agricultural Service) PSD on-line[19]; the Table 35 of CCC net outlays per commodity and function on USDA-ERS site[20]; the Commodity estimates books and reports of the CCC (Commodity Credit Corporation) for the various types of subsidies (direct payments and market price subsidies) up to 2016[21]; USDA budget on agriculture[22]; the CBO (Congressional Budget Office) Baselines for farm programs generally twice a year, for the last years[23]; the Federal Crop Insurance Corporation of the RMA (Risk Management Agency) for the annual subsidies to agricultural insurances[24]; the US notification of agricultural support to the WTO for the subsidies notified in the green box[25].

When we compare these official data with those compiled by the WTO Secretariat[26] we see the huge gaps with actual US and EU AMS[27] expenditures, for the main reason that these WTO data are based on the US and EU notifications of domestic supports which did not take into account the crop insurance subsidies of the RMA before 2012 for the US as they were notified as *de minimis* non-product-specific support, so that the US actual AMS subsidies from 2000 to 2016 are more than twice the US data as reported by WTO: $39 bn instead of $17.8 bn, even without taking into account the GB subsidies. We will see that the EU gap is even more huge.

Table 1 – The US production, exports and subsidies to cotton from 2000 to 2018

M$	Prod° M t	Farm price	Prod° $M	Export 1000 t	Export 1000 $	FOB $/t	CCC $M	RMA $M	GB $M	Total subs	Subs/ prod°	Subs/t	X sub $M
2000	3742	1138	4257	1467972	1892585	1289	3809	163	272	4244	99,7%	1134	1665
2001	4420	705	3119	2395800	2174400	908	1868	266	305	2439	78,2%	552	1322
2002	3747	1008	3775	2591820	2030863	784	3307	197	357	3861	102,3%	1030	2671
2003	3975	1389	5520	2996492	3376469	1127	2889	217	644	3750	67,9%	943	2827
2004	5062	959	4855	3144161	4251073	1352	1372	258	438	2068	42,6%	409	1284
2005	5201	1096	5699	3849179	3929420	1021	4245	212	563	5043	88,5%	970	3732
2006	4700	1067	5015	2822470	4514432	1599	3982	284	503	4490	89,5%	955	2693
2007	4182	1347	5633	2969485	4588693	1545	2592	199	487	3276	58,2%	783	2326
2008	2790	1091	3045	2888246	4811852	1666	1604	254	352	2299	75,5%	824	2380
2009	2654	1429	3791	2621659	3365480	1284	2176	220	359	2765	72,9%	1042	2731
2010	3941	1865	7351	3131093	5890197	1881	1668	321	558	2547	34,6%	646	2024
2011	3391	2061	6989	2551309	8466272	3318	678	819	439	2154	30,8%	635	1621
2012	3770	1669	6291	2837063	6252543	2204	523	562	424	2026	32,2%	537	1525
2013	2811	1819	5112	2293434	5628864	2454	562	454	382	1544	30,2%	549	1260
2014	3553	1424	5060	2449379	4410987	1801	607	490	364	1461	28,9%	411	1007
2015	2806	1388	3904	1993523	3901637	1957	774	478	212	1223	31,3%	436	869
2016	3738	1550	5793	3248923	3967102	1221	470	470	264	1204	20,8%	322	1046

[17] http://www.feedandgrain.com/magazine/u.s.-invests-in-key-rail-and-river-infrastructure
[18] http://www.oecd.org/agriculture/topics/agricultural-policy-monitoring-and-evaluation/
[19] https://apps.fas.usda.gov/psdonline/app/index.html#/app/home
[20] file:///D:/Etats-Unis/Table%2035%20CCC%20net%20outlays%20per%20commoddity%202001-08.pdf
[21] https://www.fsa.usda.gov/about-fsa/budget-and-performance-management/budget/commodity-estimates-book-and-reports/index
[22] https://www.usda.gov/our-agency/about-usda/budget
[23] https://www.cbo.gov/system/files/2019-05/51317-2019-05-usda_0.pdf
[24] https://www.rma.usda.gov/SummaryOfBusiness
[25] https://www.wto.org/english/tratop_e/agric_e/ag_work_e.htm#more
[26] https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=@Symbol=%20(tn/ag/gen/34/*)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#
[27] AMS (aggregate measurement of support) or the so-called amber box of domestic trade-distorting support.

2017	4654	1439	7126	3545566	5845107	1649	43	666	264	973	13,7%	209	741
2018	4008	1697	6801	3215381	6557407	2039	295	810	264	1369	20,1%	342	1100
Total	73145	1357	99135	53012955	85855383	1619	33464	7340	7451	48736	48,8%	657	34825

Table 2 presents the share of cotton in the production value of all agricultural products (VAP) in order to assess its share of GB subsidies other than direct payments and domestic food aid. It should be noted that in this database on the value of each production, the value of cotton is higher than that of the OECD data in Table 1, but it is only used here to calculate the percentage that cotton represents in total value of agricultural production (VAP).

Table 2 – Share of Green Box subsidies attributable to cotton

	VAP $M	Cotton value 1000$	Cotton/VAP	Green Box $M	GB to cotton $1000
2000	192098	2949649	1,54%	17680	272272
2001	200026	3639446	1,82%	16756	304959
2002	194588	3418096	1,76%	20308	357421
2003	215971	6419910	2,97%	21686	644074
2004	237853	4825881	2,03%	21564	437749
2005	240898	6402504	2,66%	21157	562776
2006	240624	5545956	2,30%	21858	502734
2007	288546	6457260	2,24%	21754	487290
2008	314352	5252889	1,67%	21066	351802
2009	291675	4280531	1,47%	24418	358945
2010	321237	7464640	2,32%	24043	557798
2011	365902	7303972	2,00%	21966	439320
2012	401433	8230448	2,05%	20660	423530
2013	404086	6515834	1,61%	23720	381892
2014	423971	7111320	1,68%	21642	363586
2015	377431	4756100	1,26%	16786	211504
2016	358452	5496889	1,53%	17249	263910
2017	370423	7573587	2,04%	17249	263910
2018	373499	8082602	2,16%	17249	263910
Total	5813065	111727514	1,92%	388811	7449382

Because this paper was written too rapidly before the WTO Cotton Day of 7 October 2019 and for conservative reasons, we did not take into account several significant subsidies:
i) The delivery costs of agricultural insurance policies which amounted on average to 23% of the premium subsidies from 2009 to 2018[28]. Given that the premium subsidies to cotton insurances amounted to $7.451 bn from 2000 to 2018 (RMA column in table 1 above), $1.714 bn could have been added.
ii) The export subsidies to cotton from 2003 to 2007: annual average of $120 M in 2000-04, $266.5 M in 2005, and $9.4 M in 2006 and 2007, as they are not part of the AMS.
iii) The many under-notified subsidies, particularly the input subsidies in the NPS (non-product specific AMS), among which those to irrigation and agricultural loans and the tax-exemption on agricultural fuel that OECD estimates at $2.385 bn annually up to 2012 and at $1,034 bn from 2013 on.

As we wrote in the introduction, the US has granted $48.7 billion (bn) in cotton subsidies from 2000 to 2018 for a production of 73.1 Mt, paid at an average farm price of 1,357 $/t, of which $35.3 bn subsidies to 53 Mt of cotton lint exports (not taking into account cotton oil and meals), at an average FOB price of 1,619 $/t but with an average subsidy of 657 $/t and an average dumping rate of 41.1% (ratio of export subsidies to the export value), however decreasing from 88% in 2000 to 16.8% in 2018. However we should be aware that cotton subsidies will increase sharply from 2019 on as Congress has decided to grant subsidies to cotton seed apart from those to cotton lint, cotton seed being recognized as an oilseed sharing the same access to subsidies of so-called "program crops".

[28] https://www.rma.usda.gov/-/media/RMAweb/AboutRMA/Program-Budget/18cygovcost.ashx?la=en

II – The EU subsidies to cotton from 2000 to 2018

Table 3 presents all the data on the EU production, value and farm price of cotton lint, export quantity, value and FOB price in €/t as well as in $/t for comparability reasons, and the three levels of assessing the domestic subsidies. The first level concerns the product-specific (PS) subsidies to cotton, as available on the EAGGF (then the EAGF) annual financial reports on the DG Agriculture website[29] as well as on the EU Budget online[30]. However only the EAGF reports give data per Member State but they are not downloadable before 2011[31]. As Eurostat and Easycomext data on trade data are not available for all years and are sometimes incoherent, we rely also on the USDA FAS PSD online data.

The second level of subsidies to cotton corresponds to the imputation to cotton of the decoupled subsidies from 2007 on. Indeed the cotton regime has profoundly changed in 2006, so that the ICAC's assessment of EU cotton subsidies only takes into account its notified coupled aid in the blue box, which was of €233.8 million in 2017 based on actual EU outturn. But two thirds of the aid has been decoupled since the 2006 reform (based on the average coupled aid from 2000 to 2002) for €531.6 million (of which €389.6 million in Greece and €142 million in Andalusia), so that from 2007 to 2018 total annual PS cotton subsidies have been of €797 M. By lack of time and for conservative reasons we did not include €6.1 M for restructuring the cotton industries, €30.7 M for rural development and €17.1 M for irrigation in Spain[32], for a total of €822.2 M instead of €797 M, without even calculating irrigation aid in Greece. In the two counties almost 100% of the cotton area is irrigated.

The third level of subsidies is the share of the GB subsidies attributable to cotton, given the share of cotton production value in the whole EU value of production (VOP). Of course we exclude from the GB the decoupled direct payments, the domestic food aid and the aid to marketing and promotion to avoid repeating what was already included in the EAGF reports even though the figures in the GB is about 5 times higher than in EAGF. Nevertheless we have added in the GB $1 bn on irrigation subsidies, which is a minimal assumption given that there were 10 M ha of agricultural land actually irrigated in 2016 in the EU.

Table 3 – EU cotton production, exports and subsidies from 2000 to 2018

	Prod° 1000 t	Prod° € 1000	Farm price €/t	Exchange $ for 1 €	Export 1000 t	Export € 1000	FOB price €/t
2000	537313	629956	1172	0,9325	186610	212139	1137
2001	557786	573632	1028	0,8813	193579	194201	1003
2002	470666	648955	1379	1,0487	160943	158724	986
2003	427324	826541	1934	1,2630	211872	251050	1185
2004	505078	804596	1593	1,3621	253784	265233	1045
2005	540144	760536	1408	1,1797	256281	241293	942
2006	383546	290923	759	1,3170	311660	302603	971
2007	378536	406876	1075	1,4721	157582	154468	980
2008	268547	222945	830	1,3917	205990	213580	1037
2009	229779	285203	1241	1,4406	295424	275347	932
2010	241758	436821	1807	1,3362	233066	376979	1617
2011	347609	388054	1116	1,2939	155889	273412	1754
2012	321037	378027	1178	1,3194	334194	468934	1403
2013	346084	439601	1270	1,3791	276189	396030	1434
2014	357192	376192	1053	1,2141	273654	357090	1305
2015	276824	403584	1458	1,0887	237404	321864	1356

[29] https://ec.europa.eu/agriculture/cap-funding/financial-reports/eagf_en

[30] https://eur-lex.europa.eu/budget/www/index-en.htm: you should click on "Commission". But to get the data for year x you have to look at the Budget in year x+2 (Budget 2020 for outturns in 2018).

[31] Happily the present author has been able to get them in his past professional activities before that year.

[32] According to an IISD report "*annual subsidies for irrigation in Spain represent between €906 million... and €1.120 billion (a subsidy rate of 55% - costs not recovered), which is the Ministry's assessment*" (http://www.iisd.org/gsi/sites/default/files/irrig_Spain.pdf), which gives €17.1 M for cotton given its share in national irrigated area.

2016	283140	381064	1346	1,0541	264869	379253	1432
2017	330185	448847	1359	1,1993	256177	383369	1497
2018	372438	437596	1175	1,1450	230993	369482	1600
Total	7174986	9139949	1274		4496160	5595051	1244

Table 3bis – EU cotton production, exports and subsidies from 2000 to 2018

	PS subsidies €1000	Plus decoupled subsidies €1000	Green box €1000	Total subsid. €1000	Subs. €/t	Subs. $/t	Subs./X €1000	Subs./X $1000
2000	854666	854666	54656	909322	1692	1574	315810	293861
2001	733379	733379	53926	787305	1411	1244	273233	240800
2002	804030	804030	63567	867597	1843	1933	296673	311121
2003	872562	872562	77256	949818	2223	2808	470930	594785
2004	835287	835287	75927	911214	1804	2457	457853	623642
2005	952033	952033	71816	1023849	1896	2237	485784	573079
2006	914622	914622	27488	942110	2456	3235	765535	1008210
2007	254625	797358	30877	828235	2188	3221	344789	507564
2008	247548	797358	18958	816316	3040	4231	626158	871424
2009	216976	797358	28003	825361	3592	5175	1061156	1528701
2010	231703	797358	38185	835543	3456	4618	805502	1076312
2011	257272	797358	34299	831657	2393	3096	372966	482581
2012	255929	797358	35501	832859	2594	3423	866992	1143909
2013	242262	797358	37770	835128	2413	3328	666466	919123
2014	231805	797358	32017	829375	2322	2819	635406	771446
2015	244017	797358	31809	829167	2995	3261	711093	774167
2016	249995	797358	28669	826027	2917	3075	772724	814528
2017	233799	797358	27042	824400	2497	2995	639618	767094
2018	243748	797358	27042	798755	2145	2456	495403	567236
Total	17330481	10482918	397660	16304038	2272	2789	11064091	12539790

Even without taking into account the GB subsidies, let us stress that the WTO report on the EU cotton subsidies as notified in its AMS agricultural domestic support is so huge that we should rather laugh, even if SSA cotton farmers would rather sweep. Indeed the EU did not notify any AMS since 2006 because 2/3 of the cotton subsidies have been decoupled whereas the last third has been notified in the blue box and have not to be notified in the AMS if the payments are "*based on fixed areas and yields*" according to the AoA Article 6.5. However the EU has interpreted these conditions as a simple limit to the coupled subsidies: Greece and Spain have national base areas with fixed yields and fixed aid per ha in the reference period (2000-02)[33]. Nevertheless if the acreage have actually declined in both countries the yields have increased by 13% in Greece over those of 2005, according to the EU evaluation report of 2014[34].

The fact is that, by omitting to notify both the coupled and decoupled subsidies to cotton, the EU and WTO claim that the EU subsidies to cotton have been of only €4.336 bn from 2000 to 2016 when their actual amount was 3.6 times larger: €17.2 bn!

We conclude by repeating what was summarized in the introduction. From 2000 to 2018 the EU – in fact only Greece and Spain – has granted €16.3 bn ($20 bn) of cotton subsidies to a production of 7.2 Mt, about ten times (9.8 times) lower than the US one, paid at an average farm price of 1,274 €/t but with an average subsidy of 2,272 €/t (2,789 $/t), 1.78 times the farm price. It has exported 4.5 Mt (11.8 times less than the US) at an average FOB price of 1,244 €/t, owing to €10.2 bn ($12.5 bn) subsidies with an average subsidy 1.83 times the FOB price. In other words, although the EU has produced ten times less cotton than the US and exported 11.8 times less in quantity, its export subsidies have been only 2.8 times lower owing to an average export subsidy per tonne 4.2 times higher. And, contrary to what was observed for the US, the average dumping rate of 198% – ratio of total subsidies to exports to the export value or of the export subsidy per tonne to the FOB price – did not decline in the EU, rising from 157% in the three years 2000-02 to 169% in the three years 2016-18. Furthermore the EU has exported more cotton

[33] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32008R0637&from=FR

[34] https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/plants_and_plant_products/documents/cotton-executive-summary-report.pdf

than Burkina Faso or Mali since 2000, except since 2017, and has been a net exporter since 2009, even exceeding production in 2009 and 2012.

Nevertheless the EU claims to be the good guy in the cotton world as its cotton imports are duty free from the whole world and as it has never used explicit export subsidies. Above all, it should be stressed that the negative impact of cotton cultivation on the EU environment is overwhelming, particularly in Greece, as highlighted by the July 2007 Environmental Alliance report[35], confirmed by the July 2014 Agrosynergie report[36], and this impact is much greater than that of alternative crops. The EU must therefore plan the rapid conversion of cotton to other crops without penalising its overall impact on employment and producers' incomes.

IV – The cotton production and exports of Sub-Saharan Africa and C4 countries

From 2000 to 2018 the EU exports exceeded by 11.6% those of Burkina Faso, the largest exporter of C4, and by 29.3% those of Mali. However in 2018 Burkina and Mali exports have exceeded those of the EU and Mali as well in 2017. The problem is that Burkina farmers got only 250 CFAF/kg (381 €/t or 436 $/t) in 2018 and Mali farmers 255 CFAF/kg (389 €/t or 445 $/t) in 2018[37], a level 30% lower than the cotton seed received by their EU colleagues. And the only subsidies they are getting are on fertilizers, which is not necessarily the best way to promote agroecological production systems. According to the ICAC (International Cotton Advisory Committee) report of November 2018 "*In 2017/18, Mali provided an estimated $35 million (5 cents/pound); Burkina Faso $30 million (5 cents/pound); Côte d'Ivoire $15 million (4 cents/pound); and Senegal $1 million (6 cents/pound)*"[38].

Tables 4 and 5 present the evolution of cotton production and exports in SSA, Ecowas, C4, Burkina Faso and Mali together with those of the EU for comparative reasons.

Table 4 – Comparison of EU, SSA, ECOWAS, C4, Burkina and Mali cotton production

Tonnes	EU	SSA	ECOWAS	C4	Burkina	Mali
2000	330510	1204652	656449	423621	114345	104544
2001	394340	1440094	918245	640332	157905	239580
2002	332330	1374971	823720	553212	163350	179685
2003	353270	1486049	895158	658845	210177	261360
2004	292680	1699276	977922	720047	257004	223463
2005	327500	1536797	855083	669082	297733	218453
2006	258050	1266289	766221	602653	283140	172498
2007	274440	1011681	558221	395307	147015	98010
2008	460590	1036075	538402	380061	185130	76230
2009	312290	933926	532957	337590	151371	95832
2010	348650	952875	520324	331056	140481	103455
2011	343220	1387822	676487	469359	173151	187308
2012	288380	1404157	865755	608533	264627	189268
2013	329040	1389128	869240	617027	272250	185130
2014	324970	1507829	985981	737253	294030	226512
2015	341660	1239064	796930	619641	239580	212355
2016	284130	1515017	993604	818928	285318	270072
2017	324660	1664210	1107295	836352	261360	304920
2018	324970	1710819	1081377	775368	185130	276606
Total	6245680	25760731	15419371	11194267	4083097	3625281

[35] https://ec.europa.eu/agriculture/evaluation/market-and-income-reports/2007-coton_fr

[36] https://ec.europa.eu/agriculture/sites/agriculture/files/evaluation/market-and-income-reports/2007/coton/full_text_fr.pdf

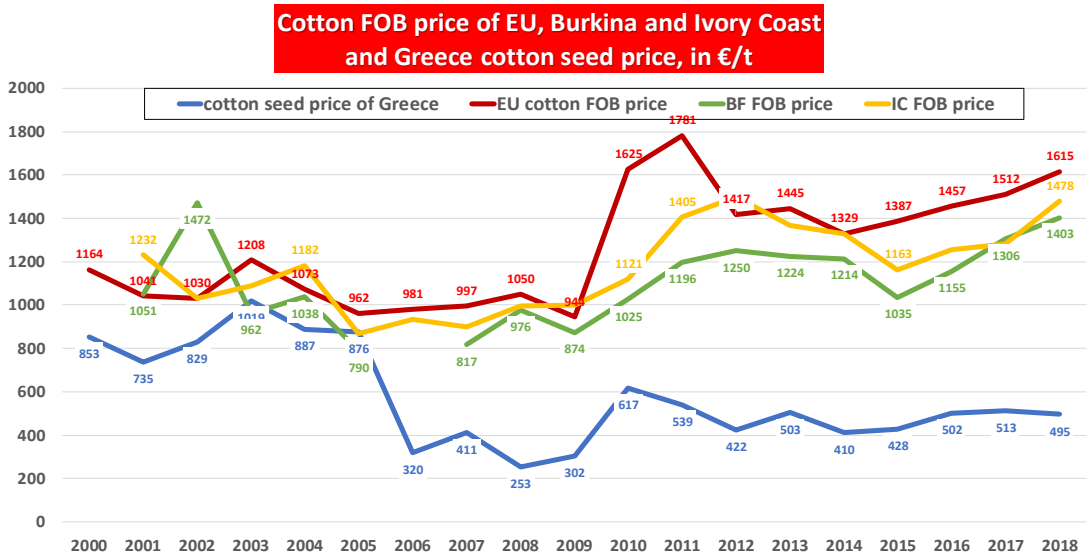
[37] https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Cotton%20and%20Products%20Update_Dakar_Senegal_9-3-2019.pdf

[38] https://www.eiseverywhere.com/file_uploads/0d29a4b2281774f8113dc8ea4cbd4642_e_cotton-subsidies_2018.pdf

Table 5 – Comparison of EU, SSA, C4, Burkina and Mali cotton exports

Tonnes	EU	SSA	C4	Burkina	Mali
2000	186610	1056112	439956	113256	125235
2001	193579	966814	544500	141570	201465
2002	160943	1014295	566280	157905	185130
2003	211872	1117750	664290	206910	255915
2004	253784	1288723	598950	212355	206910
2005	256281	1229263	735075	304920	223245
2006	311660	1443796	629442	294030	185130
2007	157582	1178080	419265	168795	108900
2008	205990	893198	351747	174240	70785
2009	295424	762953	373527	168795	95832
2010	233066	885357	325611	141570	98010
2011	155889	764914	385506	167706	136125
2012	334194	941332	521631	242847	174240
2013	276189	1287198	637065	283140	196020
2014	273654	1271516	680625	294030	185130
2015	237404	1244945	649044	235224	217800
2016	264869	1203345	708939	251559	239580
2017	256177	1254528	822195	266805	283140
2018	230993	1345568	820017	204732	288585
Total	4496160	21149687	10873665	4030389	3477177

Graph 1 compares the cotton seed price of Greece with the FOB price of EU (Greece+Spain), Burkina Faso and the FOB prices of Burkina and Ivory Coast during the period (only from 2001).



We see the significant gap between the FOB prices of EU and Burkina, those of Ivory Coast being in between. These gaps can be explained mainly by transport costs as the quality of West African cotton is said to be one of the best in the world, hence also higher than that of Greece and Spain. We see also that the gap between the FOB price and the seed price is lower for Greece than for Burkina Faso, which can be explained by higher processing costs in Burkina.

Above all the only subsidies the West African producers are getting are on fertilizers, which is not necessarily the best way to promote agroecological production systems. According to the ICAC (International Cotton Advisory Committee) report of November 2018 "*In 2017/18, Mali provided an estimated $35 million (5 cents/pound); Burkina Faso $30 million (5 cents/pound); Côte d'Ivoire $15 million (4 cents/pound); and Senegal $1 million (6 cents/pound)*"[39].

[39] https://www.eiseverywhere.com/file_uploads/0d29a4b2281774f8113dc8ea4cbd4642_e_cotton-subsidies_2018.pdf

The EU is proud of its assistance to the "*Support Program for the Consolidation of the Framework for Action of the EU-Africa Partnership on Cotton*" which was of €651 M from 2004 to 2016[40], i.e. of €50 M per year. But it avoids to compare it to the €731 M of annual subsidies to its cotton exports on average over the same period, 14.6 times more! If we add the recent €20 million of the 4-year "Cotton Road" programme decided at the end of 2018, this does not really change the situation. According to a 2017 article by Terry Townsend, former Executive Director of ICAC, "*Nearly $900 million in donor aid has been spent since 2004 or is committed under current projects in support of the cotton sector of Sub-Saharan Africa... As of November 2016, the total value of cotton-specific development assistance provided for 47 African beneficiaries and others that had been completed was $581 million, of which $310 million had been targeted at the C4... In addition to projects already completed, another 29 projects are currently being implemented and 6 projects are in the formulation stage. These additional 35 projects are valued at $281 million, of which $151 million are targeted at the C4... According to the ICAC, there are about 900,000 households producing cotton in the C4, meaning that $461 million in cotton-specific development assistance since 2004 amounted to about $500 per household, or two to three times annual average cash earnings among rural households. In the rest of Sub-Saharan Africa, there are about 2.6 million households producing cotton in any one year, and the $401 million in cotton specific development assistance averaged $154 per household, equal to about one year of annual average household cash income. And yet, despite all that spending on all those projects, there was no gain in yields in Sub-Saharan Africa, and while yields in the C4 are higher than in other countries of Sub-Saharan Africa, there was again no gain in yields despite all the project spending*"[41].

However, $900 M over 13 years – an amount that includes the EU programmes – implies only $69 M per year and only $1.5 M per year when divided by 47 countries. Even if the C4 would have received $310 M in 13 years, it is still only $24 M per year, and $26.5 per cotton farmer per year! Even if we add the $151 M in new projects, it is still only $168 per cotton farmer, but to be divided by a certain number of years. Before welcoming all these donations, C4 politicians should demand that exporters, particularly from the EU and the US, stop their massive dumping, which has the effect of lowering the world price, the level of which is much more important for their income level than the meagre aid received.

Furthermore we should be aware that the EU has exported a total of worn clothes (HS code 6309) of $7.9 bn (for 7.9 M tonnes) to SSA from 2000 to 2018, of which €3.9 bn (and 3.8 Mt) to Ecowas, of which €870 M (862 000 t) to the C4, of which €658 M (622 000 t) to Benin (likely reexported to Nigeria in large part). And, for the last year, 2018, these exports have reached €571 M (581 000 t) to SSA, of which €333 M to Ecowas, of which €53.8 M (63 734 t) to the C4, of which €32.1 M (40 228 t) to Benin.

When we know that the textile industry has been at the basis of development of all developing countries and that it creates a huge amount of jobs, we realize the urgency for ECOWAS to regain control of its cotton chain future, which must rest on processing its cotton lint in apparels to stop progressively their imports while reducing cotton lint exports. For the expert Gérald Estur, however, "*It is all very well to say "we are going to transform", but it is still necessary for cotton to meet the needs of the local textile industry. In West Africa it is medium and high-end cotton, quite long, etc. which is suitable for conventional worsted spinning for relatively fine yarns, suitable for light fabrics. This industry has higher investment and operating costs than*

[40] http://www.rtb.bf/2017/03/partenariat-ue-afrique-sur-le-coton-fin-du-programme-dappui-a-la-consolidation-du-cadre-daction-sur-fond-dactivites-de-promotion-du-coton/
[41] http://cottonanalytics.com/category/cotton-and-economic-development/

low-end spinning. It is thus a problem of adequacy between the local raw material, the industry and the local market"[42].

Conclusion

The EU and ACP countries are currently engaged in the renegotiation of the Cotonou Agreement, which expires in 2020. At the same time, in the face of hardening public opinion in most EU Member States and its growing assimilation of the arrival of immigrants, particularly from SSA, whom they do not want to receive, and attacks in the EU, the EU is tightening asylum conditions, imposing the return of migrants to the countries of origin and devoting an increasing proportion of its development aid to reducing the number of migrants entering European territory. And this under the guise of addressing the root causes of migration! If the EU were truly committed to doing so, it would have to completely revise its current policies towards SSA:

- Cease imposing the signature and implementation of EPAs (Economic Partnership Agreements)[43] that will significantly reduce customs revenues (import duties and VAT on imports and export duties) and foster unemployment through the loss of competitiveness vis-à-vis imports from the EU, particularly in the interim EPAs of Côte d'Ivoire and Ghana, in force since late 2016, and that are destroying West Africa's integration process, as Nigeria does not intend to sign the regional EPA.
- Stop providing political and financial assistance to the AfCFTA (African Continental Free Trade Area) where the 90% reduction in tariffs between African States will benefit even more the subsidiaries of EU multinationals in Africa[44].
- Radically reconsider its agricultural trade policy by eliminating all domestic subsidies to exported products, which go far beyond cotton[45].
- Given the high detrimental impact of cotton cultivation on the environment the EU must plan the rapid conversion of cotton to other crops without penalizing its overall impact on employment and producers' incomes.

Moreover, the EU's current trade policies towards SSA pose a major threat to its own growth in the medium-long term if it does not recognize its need to start ensuring its food sovereignty and protecting its infant industries, as the EU has done for two centuries and continues to do for its basic food products: cereals, sugar, milk, meat and eggs[46]. The SSA impoverishment of SSA will deprive the EU of the huge opportunities to export the high value-added products and services it will need in the medium-long term. If the EU28 population would decrease by 16.3 M inhabitants (by 3.2%) from 2020 to 2050, that of West Africa would increase by 395 M (by 98.2%) and overtake that of the EU28 in September 2029 and of the EU28-UK in December 2024[47]. This will change the geopolitical balance of power that will turn against the EU if it has not allowed West Africa's development.

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[42] http://www.commodafrica.com/parole-dexpert-gerald-estur

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